

**Louisiana Association of Community Action Partnerships, Inc.**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITORS' REPORT**

and

**INDEPENDENT AUDITORS' REPORTS ON INTERNAL ACCOUNTING CONTROL  
AND COMPLIANCE AND OTHER MATTERS**

For the Year Ended October 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/27/11

## CONTENTS

	<u>PAGE</u>
<u>FINANCIAL INFORMATION SECTION</u>	
Independent Auditors' Report	1-2
Basic Financial Statements	
Statement of Financial Position	3
Statement of Activity and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-12
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Expenditures of Federal Awards	13
Notes to Schedule of Expenditures of Federal Awards	14
<u>INTERNAL ACCOUNTING CONTROL, COMPLIANCE</u> <u>OTHER MATTERS</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	15-16
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	17-18
Schedule of Findings and Questioned Costs	
A. Summary of Audit Results	19
B. Findings - Financial Statement Audit	20
C. Findings and Questioned Costs - Major Federal Award Program Audit	20
D. Summary of Prior Year Findings	21-23

## FINANCIAL INFORMATION SECTION



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Louisiana Association of Community  
Action Partnerships, Inc.  
Baton Rouge, Louisiana

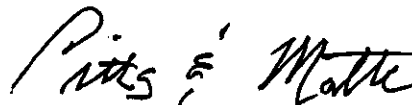
We have audited the accompanying statement of financial position of the Louisiana Association of Community Action Partnerships, Inc. (LACAP) (a nonprofit organization) as of October 31, 2010, and the related statements of activity and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of LACAP's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LACAP, as of October 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2011, on our consideration of LACAP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

April 14, 2011

LOUISIANA ASSOCIATION OF COMMUNITY ACTION PARTNERSHIPS, INC.

STATEMENT OF FINANCIAL POSITION  
OCTOBER 31, 2010

ASSETS

Current assets

Cash	\$ 4,095,140
Grants receivable	3,056,288
Due from provider agencies	64,699
Prepaid expense and other assets	<u>60,066</u>

Total current assets 7,276,193

Noncurrent assets

Advances to provider agencies	<u>446,521</u>
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Fixed assets - less accumulated depreciation 1,989,915

Total assets \$ 9,712,629

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 167,678
Contracts payable	84,595
Due to provider agencies	6,368,014
Notes payable - current portion	<u>334,554</u>
Total current liabilities	<u>6,954,841</u>

Long term liabilities

Notes payable - less current portion	<u>811,756</u>
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Total Liabilities 7,766,597

Net assets

Unrestricted	76,771
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Temporarily restricted for:

Fixed assets with explicit restrictions on use	\$ 1,015,649
Utility assistance programs	377,254
General & Administrative	111,429
Education	85,399
Weatherization	176,321
Disaster relief	<u>103,209</u>
Total temporary restricted net assets	<u>1,869,261</u>

Total net assets 1,946,032

Total liabilities and net assets \$ 9,712,629

**LOUISIANA ASSOCIATION OF COMMUNITY ACTION PARTNERSHIPS, INC.**

**STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED OCTOBER 31, 2010**

**Changes in unrestricted net assets:**

**Revenues:**

Membership fees	\$ 35,623
Seminar fees	95,200
Other	<u>116,077</u>
Total revenues	<u>246,900</u>

**Net assets released from restrictions:**

Satisfaction of program restrictions	<u>77,522,981</u>
Total unrestricted revenue and support	<u>77,769,881</u>

**Expenses:**

**Program Services:**

**LIHEAP (Low Income Home Energy Assistance):**

Energy assistance	56,495,083
Education	686,576
Weatherization	719,375

**Express:**

LIHEAP	
Weatherization	87,708

**Weatherization:**

Weatherization Assistance	2,047,623
Leverage Funding	21,221
Training & technical assistance	138,189

**ARRA (American Recovery Reinvestment Act of 2009)**

Weatherization Assistance	12,655,274
Training & technical assistance	2,573,193
How to field guide	39,790

**Energy Assistance:**

Atmos energy assistance	121,758
Disaster relief	11,000
Seminars	82,614

**General and Administrative:**

Capacity Building Grant	151,575
LIHEAP	806,655
ARRA	746,436
Weatherization - Dept of Health & Human Services	143,857
Weatherization - Dept of Energy	77,668
Other	<u>128,659</u>
Total expenses	<u>77,734,254</u>

Increase in unrestricted net assets	<u>35,627</u>
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**Changes in temporarily restricted net assets:**

**Support:**

Federal	77,177,195
State	88,112
Contributions	148,926
Other	104,142

**Net assets released from restriction:**

Satisfaction of program restrictions	
Federal	(77,313,515)
State	(87,708)
Contributions	<u>(121,758)</u>
Total Net assets released from restriction	<u>(77,522,981)</u>

Decrease in temporarily restricted net assets	(4,606)
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Increase in net assets	31,021
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Net assets beginning of year	<u>1,915,011</u>
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Net assets end of year	<u>\$ 1,946,032</u>
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The accompanying notes are an integral part of these financial statements.

**LOUISIANA ASSOCIATION OF COMMUNITY ACTION PARTNERSHIPS, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED OCTOBER 31, 2010

	<u>LIHEAP</u>			<u>Weatherization</u>			<u>ARRA</u>		
	<u>Energy Assistance</u>	<u>Education</u>	<u>Weatherization</u>	<u>Weatherization Assistance</u>	<u>Leverage Funding</u>	<u>Training &amp; Technical Assistance</u>	<u>Weatherization Express</u>	<u>Weatherization Assistance</u>	<u>Training &amp; Technical Assistance</u>
Expenses:									
Payroll		\$ 75,021				\$ 20,840			\$ 200,695
Payroll taxes		7,312				2,678			19,383
Contract services		8,626				428			1,698,167
Depreciation		50,363				45,823			28,531
Equipment rental						4,402			38,053
Automobile						3,196			5,969
Insurance						9,931			19,340
Seminar fees						272			4,049
Meeting		1,065				201			3,150
Training		571				11,377			362,523
Advertising		487,881				10,158			6,356
Monitoring		94				1,337			31,539
Miscellaneous		32				1,138			325
Office expense		3,651				572			13,672
Shared cost									
Professional fees					\$ 21,221				30
Assistance to individuals									
Assistance to provider agencies	\$ 56,495,083		\$ 719,375	\$ 2,047,623			\$ 87,708	\$ 12,655,274	
Rent									
Repairs & Maintenance		28,569				8,440			80,973
Certifications						14,149			8,503
Interest						2,098			27,939
Utilities & Telephone		23,391				1,149			23,996
<b>Total expenses</b>	<b>\$ 56,495,083</b>	<b>\$ 686,576</b>	<b>\$ 719,375</b>	<b>\$ 2,047,623</b>	<b>\$ 21,221</b>	<b>\$ 138,189</b>	<b>\$ 87,708</b>	<b>\$ 12,655,274</b>	<b>\$ 2,573,193</b>
TOTAL EXPENSE BY FEDERAL PROGRAM									
Low Income Home Energy Assistance	\$ 56,495,083	\$ 686,576	\$ 719,375						
ARRA-Community Service Block Grant									
ARRA Weatherization Assistance								\$ 12,655,274	\$ 2,573,193
ARRA HTFG Weatherization Assistance				\$ 2,047,623	\$ 21,221	\$ 138,189			
<b>Total</b>	<b>\$ 56,495,083</b>	<b>\$ 686,576</b>	<b>\$ 719,375</b>	<b>\$ 2,047,623</b>	<b>\$ 21,221</b>	<b>\$ 138,189</b>		<b>\$ 12,655,274</b>	<b>\$ 2,573,193</b>



		General and Administrative										
		Weatherization										
Conference	Atmos Energy Assistance	Disaster Relief	ARRA HTFG	Capacity Building	LIHEAP	ARRA	DHHS	DOE	General	Total		
\$ 1,608	\$ 6,724		\$ 26,148	\$ 56,989	\$ 274,590	\$ 246,187	\$ 69,567	\$ 16,639	\$ 2,500	\$ 997,508		
218	129		3,396	4,311	27,317	24,542	6,056	1,568	22	96,932		
				28,900	2,311	214	3,000	543	428	1,742,617		
3,573					14,532		42,821		28,372	214,015		
141				236	6,285		7,912	1,073	50	58,152		
					6,083	22	4,107	198	2,957	22,532		
					8,998		6,744		5,163	50,176		
26,821				18,159	2,200	1,495			4,919	57,915		
7,717	788			867	786	520			2,349	17,443		
28,763				7,768	15,191	2,438			2,028	430,659		
				2,500	277	1,492		20	3,199	511,883		
					8,400	362		4,988		46,720		
5,300					537	36			7,650	15,018		
8,378	2,877		165	1,045	3,820	3,778	708	1,585	3,163	43,414		
			10,081	30,243	433,481	463,724		50,397	20,189	1,008,095		
					1,565				4,078	26,894		
95	111,229	\$ 1,000								112,324		
		10,000								72,015,063		
									11,818	11,818		
				85	830	866		5	7,877	127,645		
							989			23,641		
	11					110			18,937	49,095		
				472	1,405	650		652	2,980	54,695		
<u>\$ 82,614</u>	<u>\$ 121,758</u>	<u>\$ 11,000</u>	<u>\$ 39,790</u>	<u>\$ 151,575</u>	<u>\$ 808,608</u>	<u>\$ 746,436</u>	<u>\$ 141,904</u>	<u>\$ 77,668</u>	<u>\$ 128,659</u>	<u>\$ 77,734,254</u>		

				\$ 808,608		\$ 141,904		\$ 58,851,546
			\$ 151,575					151,575
					\$ 746,436			15,974,903
		\$ 39,790						39,790
							\$ 77,668	2,284,701
		<u>\$ 39,790</u>	<u>\$ 151,575</u>	<u>\$ 808,608</u>	<u>\$ 746,436</u>	<u>\$ 141,904</u>	<u>\$ 77,668</u>	<u>\$ 77,302,515</u>

**LOUISIANA ASSOCIATION OF COMMUNITY ACTION PARTNERSHIPS, INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED October 31, 2010

Cash flows from operating activities:		
Received from federal grantors	\$ 74,196,878	
Received from state grantors	88,112	
Received from contributions	148,926	
Received from membership fees	35,623	
Received from seminar fees	95,200	
Received from other sources	220,219	
Paid to employees	(1,244,991)	
Paid to assist provider agencies	(66,260,055)	
Paid to vendors	(4,072,683)	
Net cash provided by operating activities	<u>3,207,229</u>	
Cash flows from investing activities:		
Purchase of fixed assets	<u>(544,305)</u>	
Net cash used in investing activities	<u>(544,305)</u>	
Cash flows from financing activities:		
Proceeds from long term debt	254,853	
Repayments of long term debt	<u>(34,131)</u>	
Net cash provided by financing activities	<u>220,722</u>	
Net increase in cash and cash equivalents		2,883,646
Cash and cash equivalents at beginning of year		<u>1,211,494</u>
Cash and cash equivalents at end of year		<u>\$ 4,095,140</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets:	\$ 31,021	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 216,381	
Decrease in prepaid expenses	194,345	
Increase in grants receivable	(2,980,317)	
Decrease in advances	1,677	
Increase in due from provider agencies	(50,623)	
Decrease in accounts payable and accrued expenses	(11,274)	
Increase in contracts payable	388	
Increase in payable to provider agencies	6,118,814	
Increase in due to provider agencies	133,338	
Increase in advances to provider agencies	<u>(446,521)</u>	
		<u>3,176,208</u>
Net cash provided by operating activities	<u>\$ 3,207,229</u>	

**Louisiana Association of Community Action Partnerships, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

October 31, 2010

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Louisiana Association of Community Action Partnerships, Inc., (LACAP) significant accounting policies applied in the preparation of the accompanying financial statements follows:

LACAP is a non-profit, service organization that was established for the primary purpose of promotion of economic and social opportunities on behalf of the Louisiana's indigent population, as well as the promotion of quality education and training for all human services providers. The mechanism for the delivery of these services is through the membership of the forty-two community action agencies that cover all sixty-four parishes in the state.

The function of LACAP is to (1) provide an organization through which all community action agencies in Louisiana can work together to further the goals and objectives of said agencies; (2) bring about more effective cooperation between community action agencies and other community and faith-based organizations that have similar objectives; (3) participate in and strengthen community action agencies' professional organizations; and, (4) provide training and technical assistance to agencies.

The following is a summary of LACAP's significant programs and their primary funding sources and functions during the year ended October 31, 2010:

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
General	Membership and Seminar Fees	General operations and seminars
Low - Income Home Energy Assistance Program (LIHEAP)	U.S. Dept. of Health and Human Services through the Louisiana Housing Finance Agency	To assist low-income persons meet the costs of home energy. Included in the program are funds for education, administration and limited amounts for weatherization.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
Express	Louisiana Petroleum Violation Fund through the Louisiana Housing Finance Agency	To assist low-income persons meet the costs of home energy and improve energy efficiency of the dwelling unit.
Weatherization	U.S. Dept. of Energy through the Louisiana Housing Finance Agency	To assist low income persons reduce their total expenditures and improve their health and safety and improve energy efficiency of the dwelling unit.
Capacity Building	U.S. Dept. of Health and Human Services	To expand LACAP's ability to serve member community action agencies and other organizations that have similar objectives.
Energy Assistance	Primarily corporate donations	To administer and fund a program to assist individuals having difficulty paying their utility bills in certain geographic areas.
Disaster Relief	Individual and corporate donations	To assist victims of natural and other disasters.
American Recovery Reinvestment Act (ARRA)-Weatherization	U.S. Dept. of Energy through the Louisiana Housing Finance Agency	To assist low income persons reduce their total expenditures and improve their health and safety and improve energy efficiency of the dwelling.
American Recovery Reinvestment Act (ARRA) How to Field Guide	U.S. Dept. of Energy	To provide weatherization workers the critical procedures required to administer retrofits directly in the field.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of Accounting

The accrual basis of accounting is generally used by LACAP.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Support and Revenues

A significant portion of the Organization's support and revenue is in the form of grants and contributions from governmental agencies and other groups. Contributions are generally reported as temporarily restricted, if they are received with donor stipulations. Grants are also accounted for as temporarily restricted if the value received by the grant provider is only incidental to the public benefit provided by use of the grant funds. When the stipulations of the grantor or donor are met, then these assets are reclassified as unrestricted and reported in the statement of activity and changes in net assets as *net assets released from restrictions*.

Grant funds received from grant providers, who receive significant value in exchange for grant funds, are accounted for as exchange transactions and revenue is recognized as services are performed.

LACAP also receives membership and seminar fees from member agencies and participants which are recognized as revenue when received.

### Expenses

Assets or expenses and their related liabilities are recorded when the related goods or services are received by LACAP. Costs incurred in connection with general and administrative costs are charged to expenses as incurred.

### Due to or from Provider Agencies

LACAP generally utilizes local community action agencies to assist it in providing services. In some cases LACAP advances funds to the agencies on a short term basis for these projects in advance of the completion of the project. LACAP records these amounts in assets as Due from Provider Agencies until the projects are complete. In other instances LACAP reimburses the agencies for costs of projects already performed, in these cases LACAP records a liability to the agency as Due to Provider Agencies.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

### Advance To Provider Agencies

Under certain grants, LACAP provides agencies with rolling advances for which final settlement is not due until December 31, 2011, because these advances are not to be fully repaid within the next year, they are shown on the Statement of Financial Position as non-current assets.

### Fixed Assets

Purchased furniture, fixtures, and other equipment are valued at their actual cost. Fixed assets are depreciated over their estimated useful lives on the straight-line basis. Fixed assets purchased with federal dollars may need to be returned to the grantor, sold or retained by the organization in accordance with the respective grant agreements upon program completion.

### Compensated Absences

Compensation is paid to employees absent from work due to illness or vacation. An accrual is not made because the amount is not significant.

### Net Assets

In accordance with the Accounting Standard Codification 958-205, the Organization must report net assets in each of the following three classes:

- a. permanently restricted - net assets in this category are restricted by grantor or donor imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.
- b. temporarily restricted - net assets in this category are restricted by grantor or donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization.
- c. unrestricted - net assets in this category are not restricted by grantor or donor imposed restrictions.

LACAP has unrestricted and temporarily restricted net assets.

The temporary restrictions result from grants or donations that have been received but not yet expended which are restricted to use in particular programs.

### Cash and cash equivalents

For purposes of the Statement of Cash Flows, LACAP considers all cash in non-interest bearing checking accounts and cash on hand to be cash and cash equivalent accounts.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income Tax Status

The Organization operates as a not-for-profit organization. It is accorded tax exempt status under Section 501 (c) (4) of the Internal Revenue Code.

### Shared Cost

In performing its services, LACAP incurs joint cost which benefit a number of projects. LACAP maintains records, using methods approved by grantors to allocate these costs. Primary cost allocated are certain administrative salaries, and occupancy cost such as depreciation, rent, telephone and utilities.

## NOTE 2 - FIXED ASSETS

The following is a summary of fixed assets by major category with their related estimated useful lives:

<u>Category</u>	<u>Cost</u>	<u>Estimated Useful Life</u>
Building	\$993,022	35 years
Improvements to building	179,287	35 years
Vehicles	289,114	5 years
Equipment	856,327	5-20 years
Total	2,317,750	
Less: accumulated depreciation	327,835	
	<u>\$1,989,915</u>	

Depreciation for the year ended October 31, 2010 totaled approximately \$216,000.

Certain grant requirements restrict the use of certain fixed assets. Substantially all fixed assets acquired with grant funds could revert to the grantor if those fixed assets would cease to be used in that program.

## NOTE 3 - CONCENTRATIONS AND SUBSEQUENT EVENTS

### CONCENTRATIONS

Approximately ninety-nine percent of LACAP's funding is obtained from federal grants.

### SUBSEQUENT EVENTS

LACAP's management has evaluated whether any events and transactions occurred subsequent to October 31, 2010 through April 14, 2011, the date of issuance of LACAP's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in LACAP's financial statements.

#### NOTE 4 - RISK MANAGEMENT

LACAP is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the LACAP carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements of claims have not exceeded coverage in the past three years.

#### NOTE 5 - NOTES PAYABLE

The following is a summary of notes payable at October 31, 2010:

LACAP maintains a line of credit bearing interest at a rate of 4.5% with a local bank in the amount of \$250,000. outstanding indebtedness related to the line of credit at year end is:

\$224,851

Installment notes payable to bank secured by land and building bearing interest at a rate of 5.25% and 5.5% payable in monthly installments, with final payments due March 2014 and December 2024.

921,459  
1,146,310

Less current portion  
Long term portion

(334,554)  
\$811,756

Aggregate future maturities of the debt are approximately:

For year ending October 31, 2011

2012	115,867
2013	122,439
2014	74,423
2015	38,256
2016-2020	224,487
2021-2024	<u>236,284</u>
	<u>\$1,146,310</u>

#### NOTE 6 - EMPLOYEE BENEFIT PLAN

The Organization provides a 401(k) savings plan for its eligible employees. Employees are eligible to participate in the plan after one year of service. Participating employees may elect to contribute up to ten percent of their earnings. The Organization may contribute an amount equal to a percentage of the participants' contributions. The Association contributed approximately \$5,000 to the plan for the year ended October 31, 2010.



## SUPPLEMENTARY INFORMATION

# LOUISIANA ASSOCIATION OF COMMUNITY ACTION PARTNERSHIPS, INC.

## Schedule of Expenditures of Federal Awards For the Year Ended October 31, 2010

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	REVENUE RECOGNIZED	EXPENSES INCURRED
<u>U.S. Department of Health and Human Services</u>			
ARRA - Community Services Block Grant	93.710	\$ 131,250	\$ 151,575
Passed through Louisiana Housing Finance Agency			
Low-Income Home Energy Assistance	93.568	<u>58,662,405</u>	<u>58,750,365</u>
Total U.S. Department of Health and Human Services		<u>58,793,655</u>	<u>58,901,940</u>
<u>U.S. Department of Energy</u>			
ARRA Weatherization Assistance for Low - income Persons (How to Field Guide)	81.042	-	39,790
Passed through Louisiana Housing Finance Agency			
ARRA Weatherization Assistance for Low - income Persons	81.042	15,769,174	16,325,283
Weatherization Assistance for Low - income Persons	81.042	<u>2,614,366</u>	<u>2,385,373</u>
Total U.S. Department of Energy		<u>18,383,540</u>	<u>18,750,446</u>
Total Federal Financial Assistance		<u>\$ 77,177,195</u>	<u>\$ 77,652,386</u>

**LOUISIANA ASSOCIATION OF COMMUNITY ACTION PARTNERSHIPS, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended October 31, 2010

**NOTE 1 - REPORTING METHOD**

Except for Low-Income Home Energy Assistance (LIHEAP) and Weatherization Assistance for Low - income Persons program (WAP), all revenues and expenses on this schedule are reported on the basis of generally accepted accounting principles.

**NOTE 2 - SCHEDULE OF PROGRAM EXPENSES**

Reconciliation of expenses incurred on the financial statements to expenses incurred on the Schedule of Expenditures of Federal Awards is as follows:

	<u>LIHEAP</u>	<u>WAP</u>	<u>ARRA</u> <u>Weatherization</u>
Total unrestricted expenses per financial statement	\$58,851,546	\$2,284,701	\$15,974,903
Add: Fixed asset additions	6,535	146,495	378,911
Less: Depreciation expense	<u>(107,716)</u>	<u>(45,823)</u>	<u>(28,531)</u>
Total expenses incurred per Schedule of Expenditures of Federal Awards	<u>\$58,750,365</u>	<u>\$2,385,373</u>	<u>\$16,325,283</u>

For grant reporting purposes, expenditures for fixed asset additions are considered to be grant expenses, however for financial statement purposes these expenditures are capitalized as fixed assets.

**NOTE 3 - SCHEDULE OF PROGRAM REVENUE BY PROGRAM YEAR**

Both major programs operated by LACAP, have different program year ends than the organization's fiscal year end. The following is a breakdown of revenue, recognized for each grant year within the LACAP fiscal year ended October 31, 2010:

**LIHEAP:**

Grant year ended 2009	\$2,138,521
Grant year ended 2010	<u>56,523,884</u>
Total	<u>\$58,662,405</u>

**WAP:**

Grant year ended 2009	\$1,978,231
Grant year ended 2010	<u>636,135</u>
Total	<u>\$2,614,366</u>

**INTERNAL ACCOUNTING CONTROL AND COMPLIANCE  
AND OTHER MATTERS**



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Directors  
Louisiana Association of Community  
Action Partnerships, Inc.  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Association of Community Action Partnerships, Inc. (LACAP) (a nonprofit organization) as of and for the year ended October 31, 2010, and have issued our report thereon dated April 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LACAP's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LACAP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LACAP's internal control over financial reporting.

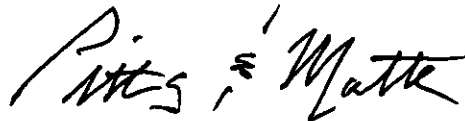
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACAP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the use of the management of LACAP, grant agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is a matter of public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

April 14, 2011



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

Board of Directors  
Louisiana Association of Community  
Action Partnerships, Inc.  
Baton Rouge, Louisiana

Compliance

We have audited the compliance of the Louisiana Association of Community Action Partnership, Inc. (LACAP) (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of LACAP's major federal programs for the year ended October 31, 2010. LACAP's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of LACAP's management. Our responsibility is to express an opinion on LACAP's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LACAP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on LACAP's compliance with those requirements.

In our opinion, LACAP complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended October 31, 2010.

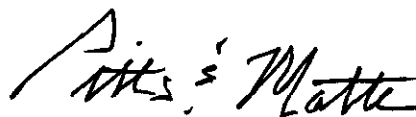
### Internal Control Over Compliance

The management of LACAP is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LACAP's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our *auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LACAP's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the use of the management of LACAP, Federal awarding agencies, the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

April 14, 2011



**LOUISIANA ASSOCIATION OF COMMUNITY ACTION PARTNERSHIP, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended October 31, 2010

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of the Louisiana Association of Community Action Partnership, Inc.
2. Report on Internal Control Over Financial Reporting and Compliance and Other Matters

Internal Control Over Financial Reporting  
No material weakness is reported.

Compliance and Other Matters  
No findings are reported.

3. Federal Awards

The auditors' report on compliance for the major federal award programs for the Louisiana Association of Community Action Partnership, Inc. expresses an unqualified opinion. No item of noncompliance is reported.

Internal Control  
No material weaknesses are reported.

4. Audit findings relative to the major federal award program for the Louisiana Association of Community Action Partnership, Inc. are reported in Part C of this Schedule.
5. The programs tested as major programs are:  
  
Low-Income Home Energy Assistance Program (LIHEAP) (CFDA No. 93.568)  
Weatherization Assistance for Low-income Persons (CFDA No. 81.042)  
ARRA Weatherization Assistance for Low-income Persons (CFDA No. 81.042)
6. The threshold for distinguishing types A and B programs was \$2,319,000.
7. Louisiana Association of Community Action Partnerships, Inc. was not determined to be a low risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

None

## D. SUMMARY OF PRIOR YEAR FINDINGS

Type of Findings: Material Weaknesses in Internal Control over Financial Reporting

### ITEM NO. 2009-1-FS RELIABILITY OF FINANCIAL REPORTING

Findings:

In the prior year our auditors noted that due to the size and complexity of LACAP's operations, its accounting department lacks the appropriate skills, knowledge, and expertise needed for recording the financial transactions and in preparing the financial statements in accordance with generally accepted accounting principles.

Corrective Action:

LACAP corrected this situation during the current year by hiring an accounting manager with greater skills and expertise and by implementing a more robust accounting and software system.

### ITEM NO. 2009-2-FS PURCHASES AND PAYABLES

Findings:

During the prior year audit our auditors noted certain weaknesses in our purchasing, payables, and disbursements system.

Corrective Action:

The additions to our accounting personnel and improvements to our accounting system corrected these problems in the current year.

### ITEM NO. 2009-3-FS WEAKNESS IN SALARY ALLOCATION SYSTEM

Findings:

Our auditors noted weaknesses in the system used to charge and document salary costs to various programs.

Corrective Action:

This finding was corrected as of November 1, 2009 when LACAP began using a payroll system that is sufficiently sophisticated to capture needed data and supports salary and wage allocations to various programs based upon actual after-the-fact time records.

Type of Finding: Compliance and Other Matters

ITEM NO. 2009-4-FS FAILURE TO FILE AUDIT REPORT ON TIME

Findings:

LACAP's audit was not completed and furnished to the Louisiana Legislative Auditor nor LACAP's funding agency within the required time frame.

Corrective Action:

This was corrected in the current year.

Type of Finding: Material Weakness over Compliance Major Programs

ITEM No. 2009-1-MP WEAKNESS IN SALARY ALLOCATION SYSTEM

Low-income Home Energy Assistance Program (LIHEAP)(CFDA # 93.568)

Weatherization Assistance for Low-Income Persons Program (WAP) (CFDA# 81.042)

Finding:

Salaries and wages that were charged indirectly to programs were not supported by after-the-fact time records. Because of this it was possible grant charges were incurred that did not meet grant documentation requirements.

Corrective Action:

This was corrected as of November 1, 2009 when LACAP began using a payroll system that is sufficiently sophisticated to capture needed data and supports salary and wage allocations to various programs based upon actual after-the-fact time records.

Type of Findings:

Known Questioned Costs Greater than \$10,000 related to Compliance Required of a Major Program

ITEMS NO. 2009-2-MP WEAKNESS IN SALARY ALLOCATION SYSTEM

Related to:

Low-income Home Energy Assistance Program (LIHEAP) (CFDA# 93.568), a major program funded by the Department of Health and Human Services and passed through the Louisiana Housing Finance Agency. (LHFA), and

#### ITEM NO. 2009-3-MP WEAKNESS IN SALARY ALLOCATION SYSTEM

The Weatherization Assistance for Low - income Persons program (WAP)(CFDA #81.042), a major program funded by the Department of Energy and passed through the Louisiana Housing Finance Agency. (LHFA)

##### Findings:

Item Nos. 2009-2-MP and 2009-3-MP are both questioned costs resulting from the weaknesses in the payroll system noted in Item No. 2009-1-MP above.

##### Corrective Action:

This was corrected as of November 1, 2009 when LACAP began using a payroll system that is sufficiently sophisticated to capture needed data and supports salary and wage allocations to various programs based upon actual after-the-fact time records.